



**House Public Education Hearing  
School Finance  
February 28, 2017**

**Issue: Property tax relief for rapidly growing communities**

Good afternoon, Chairmen Huberty and members of the committee. As you enter your second week of committee work, I want to publicly thank you for making public education a priority in our state. My name is Jamie Wilson, and I am the Superintendent of Schools for the Denton Independent School District, a fast-growing school district with an enrollment approaching 29,000 students, as we continue to grow over 1000 students each year. Currently we have 24 elementary schools, 7 middle schools, 4 comprehensive high schools, 1 high school of choice, 1 advanced technology complex, 2 early childhood centers, 1 day care (for children of employees), 1 DAEP, and a residential facility as we are responsible for educating incarcerated youth in Denton County. As you can see, our local voters have continually supported our public schools with an emphasis on early childhood and post-secondary readiness at the forefront.

Today I am here on behalf of the Fast Growth School Coalition. We represent the 75 fastest growing school districts in Texas, some of which are in your House districts. These 75 districts represent 80% of the state's student enrollment growth meaning that some fast growth districts are adding hundreds or even thousands of new students every year.

First, I'd like to thank legislators for including funding for the New Instructional Facilities Allotment (NIFA) in the base budget for the next biennium. This fund helps school districts and charter schools open new campuses and ensure that classrooms are well staffed and well supplied for incoming students. In our school district, we open at least one school a year, and sometimes two.

Second, I'd like to bring to your attention that a similarly named (but very different) program called the Instructional Facilities Allotment (IFA) is set to receive no new funding during the next biennium. This allotment provides facilities assistance for property poor school districts and we sincerely ask that the legislature reinstate this program for the 18-19 biennium.

I'd also like to talk to you about property tax relief. Because of local value growth, the state is set to have a "savings" during the next biennium in its EDA and IFA programs. This means that local taxpayers will pick up an even larger amount of the bill for facilities debt while the state diverts that savings into other parts of the budget.

At the high-water mark for the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA), the state paid for 45% of school district facilities debt. That amount has now declined to less than 7% for the next biennium meaning that local taxpayers are disproportionately shouldering the burden for facilities debt while also being criticized for doing so. Meanwhile the students keep coming and fast growth schools welcome them with open arms.

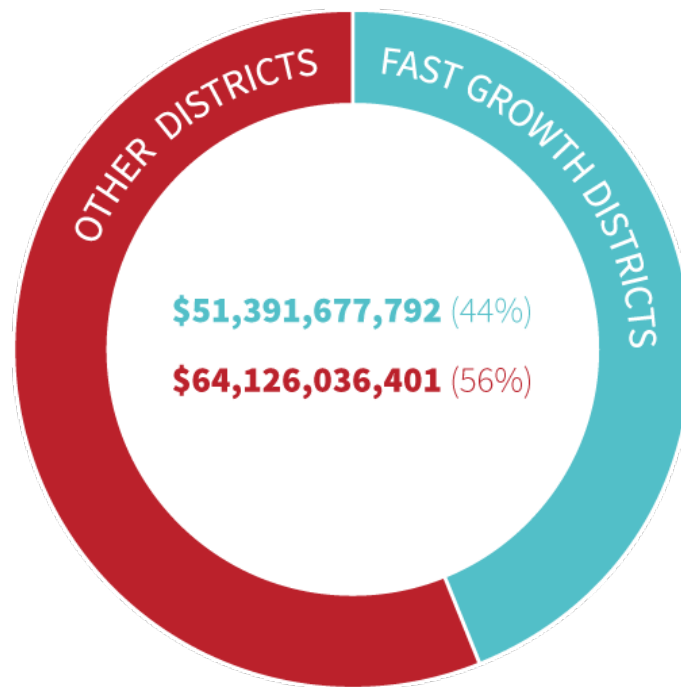
Last, I would encourage you to look for flexible ways local school districts can establish their tax rates. Under current statute, local school districts can exceed the \$1.04 by \$0.13 cents on the M&O portion of

the tax rate by holding a Tax Ratification Election (TRE) in their local communities, increasing that section of the tax rate to \$1.17. However, the same provision does not apply to the I&S portion of the tax rate. Local school districts must meet the requirements of the \$0.50 debt test to issue school bonds for school construction. I would ask you to explore ways local voters can increase their local I&S tax rate above \$0.50 for new school construction, possibly without going above the state-established maximum combined tax rate (M&O plus I&S).

Our requests are very specific:

- Continue to include funding for the New Instructional Facilities Allotment (or NIFA) in the House version of the budget,
- Restore funding to the Instructional Facilities Allotment (or IFA) at least to the amount of the previous session which is 55.5 million dollars,
- Work to update the EDA and IFA programs which provide direct property tax relief for local taxpayers and
- Look for flexible ways local school districts can establish their tax rates.

Thanks so much for what you do for the state of Texas and for hearing my testimony presented on behalf of the Fast Growth School Coalition.



### State Facilities Support Compared to Total Debt Service, Historical

SCHOOL YEAR	TOTAL STATE DEBT SERVICE	TOTAL STATE AID FOR DEBT (EDA and IFA Programs)	% STATE AID FOR ALL DEBT
1999-00*	\$1,593,093,190	\$618,443,527	38.8%
2000-01*	\$1,574,213,053	\$702,040,387	44.6%
2001-02*	\$2,060,489,686	\$790,795,482	38.4%
2002-03*	\$2,136,434,480	\$740,317,703	34.7%
2003-04	\$2,729,275,694	\$758,202,105	27.8%
2004-05	\$2,927,019,964	\$713,433,061	24.4%
2005-06	\$3,164,066,682	\$747,933,693	23.6%
2006-07	\$3,562,689,711	\$725,215,579	20.4%
2007-08	\$4,031,164,831	\$731,986,987	18.2%
2008-09	\$4,492,685,673	\$657,735,033	14.6%
2009-10	\$4,767,307,090	\$584,814,378	12.3%
2010-11	\$5,018,884,594	\$598,707,181	11.9%
2011-12	\$5,138,800,068	\$647,757,482	12.6%
2012-13	\$5,244,448,685	\$606,166,496	11.6%
2013-14	\$5,469,559,084	\$620,033,878	11.3%
2014-15	\$5,778,696,034	\$558,852,413	9.7%
2015-16	\$6,107,086,318	\$453,706,392	7.4%

FGSC Master Data  
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District Name	County Name	Enrollment 2010-2011	Enrollment 2015-2016	5 year enrollment change #	5 year enrollment change %	M&O Tax Rate 2015	I&S Tax Rate 2015	2015-2016 State Aid EDA	2015-2016 State Aid IFA	2015 Debt Principal	2015 Debt Interest	2015 Total Debt Outstanding	Wealth per ADA	Chapter 41 2016/17
ALDINE ISD	HARRIS COUNTY	63,154	70,417	7,263	11.5%	1.1334	0.1525	\$6,687,735	\$4,117,749	\$428,755,000	\$189,518,707	\$618,273,707	\$254,050	No
ALEDO ISD	PARKER COUNTY	4,654	5,249	595	12.8%	1.1700	0.4250	\$0	\$0	\$184,790,843	\$165,700,359	\$350,491,202	\$529,594	Yes
ALLEN ISD	COLLIN COUNTY	18,888	20,822	1,934	10.2%	1.1400	0.4700	\$0	\$0	\$470,383,037	\$278,503,180	\$748,886,217	\$435,760	Yes
ALVIN ISD	BRAZORIA COUNTY	17,367	22,183	4,816	27.7%	1.0400	0.3770	\$7,613,885	\$492,069	\$482,535,000	\$228,593,012	\$711,128,012	\$220,024	No
ANDREWS ISD	ANDREWS COUNTY	3,250	3,976	726	22.3%	1.0600	0.1100	\$0	\$0	\$28,346,408	\$4,174,817	\$32,521,225	\$1,720,040	Yes
ANNA ISD	COLLIN COUNTY	2,298	3,072	774	33.7%	1.1700	0.5000	\$1,191,110	\$620,150	\$88,150,024	\$115,547,549	\$203,697,573	\$211,100	No
ARANSAS COUNTY ISD	ARANSAS COUNTY	3,093	3,405	312	10.1%	1.0600	0.0960	\$0	\$0	\$29,495,000	\$12,776,677	\$42,271,677	\$854,986	Yes
BARBERS HILL ISD	CHAMBERS COUNTY	4,220	5,085	865	20.5%	1.0600	0.2698	\$0	\$0	\$200,100,000	\$79,620,592	\$279,720,592	\$966,623	Yes
BASTROP ISD	BASTROP COUNTY	9,075	10,278	1,203	13.3%	1.0400	0.4010	\$474,372	\$474,252	\$167,394,094	\$157,205,767	\$324,599,861	\$316,504	No
BELTON ISD	BELL COUNTY	9,278	10,862	1,584	17.1%	1.1700	0.2700	\$2,928,092	\$327,263	\$126,359,996	\$73,951,121	\$200,311,118	\$225,944	No
BOERNE ISD	KENDALL COUNTY	6,639	7,902	1,263	19.0%	1.0400	0.2540	\$0	\$0	\$181,547,910	\$146,938,247	\$328,486,157	\$692,555	Yes
BRIDGE CITY ISD	ORANGE COUNTY	2,601	2,887	286	11.0%	1.0400	0.1500	\$37,916	\$6,392	\$17,100,000	\$8,081,629	\$25,181,629	\$333,539	No
BURLESON ISD	JOHNSON COUNTY	10,031	11,385	1,354	13.5%	1.0400	0.5000	\$778,419	\$93,350	\$297,495,852	\$260,677,551	\$558,173,403	\$324,625	No
CASTLEBERRY ISD	TARRANT COUNTY	3,650	4,046	396	10.8%	1.1700	0.2455	\$1,153,179	\$953,329	\$45,935,000	\$23,404,190	\$69,339,190	\$114,684	No
CHINA SPRING ISD	MCLENNAN COUNTY	2,339	2,604	265	11.3%	1.0400	0.4761	\$624,983	\$279,063	\$43,075,000	\$26,407,701	\$69,482,701	\$254,688	No
CLEAR CREEK ISD (FRIEND)	GALVESTON COUNTY	38,406	41,226	2,820	7.3%	1.0400	0.3600	\$0	\$0	\$887,750,000	\$528,701,166	\$1,416,451,166	\$443,764	Yes
COLLEGE STATION ISD	BRAZOS COUNTY	10,535	13,021	2,486	23.6%	1.0400	0.3229	\$0	\$0	\$264,555,000	\$114,734,786	\$379,289,786	\$580,998	Yes
COMAL ISD	COMAL COUNTY	17,239	21,163	3,924	22.8%	1.0400	0.3500	\$0	\$0	\$605,398,639	\$428,307,323	\$1,033,705,962	\$604,555	Yes
CONROE ISD	MONTGOMERY COUNTY	51,170	58,239	7,069	13.8%	1.0400	0.2400	\$0	\$0	\$970,260,000	\$462,603,546	\$1,432,863,546	\$477,517	Yes
COPPELL ISD	DALLAS COUNTY	10,217	11,881	1,664	16.3%	1.1700	0.2690	\$0	\$0	\$212,350,850	\$221,483,285	\$433,834,135	\$736,583	Yes
CRANDALL ISD	KAUFMAN COUNTY	2,841	3,453	612	21.5%	1.0400	0.4836	\$1,679,667	\$582,631	\$39,543,471	\$45,365,311	\$84,908,781	\$169,169	No
CROSBY ISD	HARRIS COUNTY	5,119	5,680	561	11.0%	1.1700	0.5000	\$838,774	\$151,976	\$132,106,468	\$93,377,297	\$225,483,765	\$273,069	No
CYPRESS-FAIRBANKS ISD	HARRIS COUNTY	106,097	113,936	7,839	7.4%	1.0400	0.4000	\$0	\$0	\$2,069,310,767	\$1,136,823,462	\$3,206,134,229	\$385,558	Yes
DEL VALLE ISD (FRIEND)	TRAVIS COUNTY	10,787	11,559	772	7.2%	1.0400	0.4900	\$1,011,646	\$79,330	\$198,344,999	\$102,270,728	\$300,615,727	\$319,358	No
DENTON ISD	DENTON COUNTY	23,994	27,559	3,565	14.9%	1.0400	0.5000	\$0	\$0	\$879,287,344	\$707,845,717	\$1,587,133,061	\$445,222	Yes
DICKINSON ISD	GALVESTON COUNTY	9,118	10,953	1,835	20.1%	1.0400	0.5000	\$1,592,362	\$0	\$262,843,565	\$159,170,797	\$422,014,362	\$281,091	No
DRIPPING SPRINGS ISD	HAYS COUNTY	4,490	5,619	1,129	25.1%	1.0400	0.4800	\$0	\$0	\$197,499,999	\$109,895,126	\$307,395,125	\$551,646	Yes
EAGLE MT-SAGINAW ISD	TARRANT COUNTY	16,709	19,203	2,494	14.9%	1.1700	0.3700	\$0	\$0	\$575,268,088	\$428,940,760	\$1,004,208,848	\$343,399	No
ECTOR COUNTY ISD	ECTOR COUNTY	28,126	31,791	3,665	13.0%	1.0400	0.1100	\$0	\$0	\$180,957,425	\$116,948,413	\$297,905,838	\$500,733	Yes
ELGIN ISD (FRIEND)	BASTROP COUNTY	3,974	4,321	347	8.7%	1.1700	0.3700	\$1,456,321	\$512,884	\$63,109,984	\$20,403,078	\$83,513,061	\$224,444	No
EVERMAN ISD	TARRANT COUNTY	5,068	5,621	553	10.9%	1.1700	0.3600	\$2,097,195	\$463,395	\$89,695,000	\$54,015,608	\$143,710,608	\$201,461	No
FORNEY ISD	KAUFMAN COUNTY	8,102	9,386	1,284	15.8%	1.0400	0.5000	\$1,985,412	\$431,511	\$277,075,862	\$428,551,212	\$705,627,074	\$273,506	No
FORT BEND ISD	FORT BEND COUNTY	68,948	73,115	4,167	6.0%	1.0400	0.3000	\$0	\$0	\$917,323,717	\$480,343,644	\$1,397,667,361	\$394,377	Yes
FORT WORTH ISD	TARRANT COUNTY	81,651	87,080	5,429	6.6%	1.0400	0.3120	\$1,737,137	\$0	\$782,490,000	\$321,827,144	\$1,104,317,144	\$344,680	No
FRENSHIP ISD	LUBBOCK COUNTY	7,530	9,173	1,643	21.8%	1.0401	0.4600	\$502,891	\$79,099	\$240,215,171	\$173,851,908	\$414,067,078	\$330,120	No
FRISCO ISD	COLLIN COUNTY	37,279	53,300	16,021	43.0%	1.0400	0.4200	\$0	\$0	\$1,741,980,843	\$1,428,081,168	\$3,170,062,011	\$415,468	Yes
GOOSE CREEK CISD	HARRIS COUNTY	21,283	23,748	2,465	11.6%	1.0400	0.3919	\$0	\$0	\$502,189,535	\$262,823,683	\$765,013,218	\$425,127	Yes
GRAND PRAIRIE ISD	DALLAS COUNTY	26,541	29,339	2,798	10.5%	1.1700	0.4250	\$13,139,678	\$4,299,199	\$441,586,279	\$411,836,255	\$853,422,534	\$180,169	No
HALLSVILLE ISD	HARRISON COUNTY	4,322	4,936	614	14.2%	1.0400	0.3300	\$0	\$0	\$82,130,000	\$23,607,395	\$105,737,395	\$526,020	Yes
HAYS CONS ISD	HAYS COUNTY	15,325	18,654	3,329	21.7%	1.0400	0.4977	\$4,991,733	\$1,273,457	\$320,650,000	\$163,196,287	\$483,846,287	\$253,082	No
HOUSTON ISD	HARRIS COUNTY	204,245	215,627	11,382	5.6%	1.0267	0.1700	\$0	\$0	\$2,502,035,691	\$1,015,243,960	\$3,517,279,651	\$713,787	Yes
HUDSON ISD (FRIEND)	ANGELINA COUNTY	2,658	2,782	124	4.7%	1.1700	0.1100	\$246,994	\$487,038	\$16,629,692	\$7,024,423	\$23,654,115	\$160,238	No
HUMBLE ISD	HARRIS COUNTY	35,913	40,549	4,636	12.9%	1.1700	0.3500	\$5,306,016	\$225,980	\$636,605,000	\$303,678,597	\$940,283,597	\$308,512	No
HUNTSVILLE ISD	WALKER COUNTY	6,279	6,962	683	10.9%	1.0400	0.1400	\$199,822	\$0	\$24,110,000	\$6,570,250	\$30,680,250	\$331,428	No
HUTTO ISD	WILLIAMSON COUNTY	5,417	6,527	1,110	20.5%	1.1700	0.5000	\$1,225,029	\$172,456	\$190,840,927	\$240,074,048	\$430,914,975	\$280,276	No
KATY ISD	HARRIS COUNTY	60,803	72,952	12,149	20.0%	1.1266	0.3900	\$0	\$0	\$1,273,035,662	\$729,431,183	\$2,002,466,845	\$395,423	Yes

FGSC Master Data  
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KELLER ISD (FRIEND)	TARRANT COUNTY	32,746	34,180	1,434	4.4%	1.0400	0.5000		\$0	\$771,227,959	\$493,437,870	\$1,264,665,829	\$378,099	Yes
KILLEEN ISD (FRIEND)	BELL COUNTY	40,231	43,258	3,027	7.5%	1.0400	0.0880	\$49,293	\$4,180,368	\$69,295,000	\$17,156,550	\$86,451,550	\$168,620	No
KLEIN ISD	HARRIS COUNTY	45,310	50,594	5,284	11.7%	1.0400	0.3700	\$5,140,654	\$1,046,320	\$958,300,000	\$589,151,387	\$1,547,451,387	\$314,594	No
LAKE TRAVIS ISD	TRAVIS COUNTY	6,978	9,238	2,260	32.4%	1.0400	0.3675	\$0	\$0	\$263,059,308	\$168,027,839	\$431,087,146	\$943,731	Yes
LAMAR CISD	FORT BEND COUNTY	24,637	29,692	5,055	20.5%	1.0401	0.3500	\$0	\$0	\$748,580,000	\$559,206,623	\$1,307,786,623	\$405,370	Yes
LANCASTER ISD	DALLAS COUNTY	6,261	7,324	1,063	17.0%	1.0400	0.5000	\$2,231,059	\$0	\$138,508,846	\$122,233,928	\$260,742,774	\$234,425	No
LEANDER ISD	WILLIAMSON COUNTY	32,152	37,158	5,006	15.6%	1.0400	0.4719	\$0	\$0	\$1,072,980,342	\$2,241,607,145	\$3,314,587,488	\$454,124	Yes
LEWISVILLE ISD (FRIEND)	DENTON COUNTY	51,484	53,490	2,006	3.9%	1.0400	0.4367	\$0	\$0	\$1,177,472,054	\$506,862,078	\$1,684,334,132	\$524,803	Yes
LIBERTY HILL ISD	WILLIAMSON COUNTY	2,709	3,482	773	28.5%	1.0400	0.5000	\$0	\$0	\$111,955,537	\$101,054,462	\$213,009,999	\$369,649	Yes
LITTLE ELM ISD	DENTON COUNTY	6,310	7,194	884	14.0%	1.1700	0.3700	\$253,099	\$7,918	\$134,934,796	\$128,477,195	\$263,411,991	\$337,101	Yes
LOCKHART ISD	CALDWELL COUNTY	4,709	5,397	688	14.6%	1.0400	0.2905	\$1,470,468	\$792,680	\$74,344,988	\$57,691,383	\$132,036,371	\$194,958	No
LOVEJOY ISD	COLLIN COUNTY	3,388	3,946	558	16.5%	1.0600	0.5000	\$0	\$0	\$161,697,131	\$118,634,154	\$280,331,284	\$445,642	Yes
LUBBOCK-COOPER ISD	LUBBOCK COUNTY	4,039	5,818	1,779	44.0%	1.0400	0.4987	\$0	\$0	\$167,284,621	\$171,209,477	\$338,494,099	\$367,610	Yes
MANOR ISD	TRAVIS COUNTY	7,227	8,873	1,646	22.8%	1.0400	0.4750	\$0	\$0	\$278,284,999	\$181,867,490	\$460,152,489	\$425,205	No
MANSFIELD ISD (FRIEND)	TARRANT COUNTY	32,251	33,809	1,558	4.8%	1.0400	0.4700	\$3,894,129	\$1,318,372	\$788,320,000	\$451,196,296	\$1,239,516,296	\$308,230	No
MEDINA VALLEY ISD	MEDINA COUNTY	3,490	4,473	983	28.2%	1.0400	0.3482	\$321,616	\$145,685	\$52,843,424	\$38,066,961	\$90,910,385	\$305,583	No
MIDLAND ISD	MIDLAND COUNTY	21,736	24,555	2,819	13.0%	1.0401	0.1000	\$0	\$0	\$234,680,000	\$153,311,499	\$387,991,499	\$864,269	Yes
MONTGOMERY ISD	MONTGOMERY COUNTY	6,900	8,174	1,274	18.5%	1.0400	0.3000	\$0	\$0	\$308,578,204	\$232,229,919	\$540,808,123	\$525,608	Yes
NEEDVILLE ISD	FORT BEND COUNTY	2,596	3,024	428	16.5%	1.0400	0.5330	\$1,013,145	\$525,686	\$59,395,000	\$28,330,971	\$87,725,971	\$228,356	No
NEW CANEY ISD	MONTGOMERY COUNTY	10,106	13,816	3,710	36.7%	1.1700	0.5000	\$5,425,478	\$1,638,127	\$353,859,957	\$265,365,759	\$619,225,717	\$204,924	No
NORTH EAST ISD (FRIEND)	BEXAR COUNTY	66,604	67,779	1,175	1.8%	1.0400	0.3750	\$0	\$0	\$1,332,730,000	\$659,647,298	\$1,992,377,298	\$474,707	Yes
NORTHSIDE ISD	BEXAR COUNTY	95,581	105,110	9,529	10.0%	1.0400	0.3355	\$0	\$0	\$2,091,145,000	\$1,295,195,598	\$3,386,340,598	\$520,952	Yes
NORTHWEST ISD	DENTON COUNTY	15,370	20,976	5,606	36.5%	1.0400	0.4125	\$0	\$0	\$765,546,815	\$518,209,962	\$1,283,756,777	\$574,255	Yes
PASADENA ISD	HARRIS COUNTY	52,218	56,019	3,801	7.3%	1.0700	0.2800	\$17,700,708	\$1,383,366	\$729,730,000	\$474,985,223	\$1,204,715,223	\$207,297	No
PEARLAND ISD	BRAZORIA COUNTY	18,769	21,093	2,324	12.4%	1.0400	0.3756	\$3,490,018	\$40,007	\$309,349,059	\$142,447,678	\$451,796,737	\$282,899	No
PRINCETON ISD	COLLIN COUNTY	3,201	3,876	675	21.1%	1.1700	0.4500	\$2,163,165	\$981,617	\$102,277,732	\$98,547,533	\$200,825,266	\$148,400	No
PROSPER ISD	COLLIN COUNTY	4,341	8,296	3,955	91.1%	1.1700	0.5000	\$0	\$0	\$270,181,146	\$238,043,301	\$508,224,447	\$365,402	Yes
ROCKWALL ISD (FRIEND)	ROCKWALL COUNTY	14,072	15,462	1,390	9.9%	1.0400	0.4000	\$0	\$0	\$326,241,461	\$322,231,665	\$648,473,126	\$445,759	Yes
ROYSE CITY ISD	ROCKWALL COUNTY	4,556	5,220	664	14.6%	1.1700	0.5000	\$1,795,317	\$227,363	\$101,381,964	\$96,239,415	\$197,621,379	\$226,483	No
SCHERTZ-CIBOLO-U CITY ISD	GUADALUPE COUNTY	12,431	15,118	2,687	21.6%	1.0400	0.4500	\$2,700,686	\$749,280	\$319,376,474	\$291,885,773	\$611,262,247	\$286,246	No
SEMINOLE ISD	GAINES COUNTY	2,430	2,845	415	17.1%	1.0400	0.2600	\$0	\$0	\$48,070,000	\$17,489,500	\$65,559,500	\$2,091,464	Yes
SHELDON ISD	HARRIS COUNTY	6,851	8,477	1,626	23.7%	1.1700	0.2400	\$0	\$0	\$154,119,427	\$74,014,740	\$228,134,167	\$634,847	Yes
SOCORRO ISD (FRIEND)	EL PASO COUNTY	42,569	45,269	2,700	6.3%	0.9761	0.2987	\$15,190,291	\$5,233,363	\$522,574,725	\$357,590,689	\$880,165,414	\$193,050	No
SOUTH TEXAS ISD	CAMERON COUNTY	3,173	3,589	416	13.1%	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	No
SOUTHWEST ISD	BEXAR COUNTY	11,815	13,692	1,877	15.9%	1.0400	0.3749	\$5,015,301	\$3,636,263	\$231,173,289	\$178,201,521	\$409,374,810	\$156,153	No
SPRING ISD (FRIEND)	HARRIS COUNTY	36,323	36,890	567	1.6%	1.0400	0.4300	\$9,263,665	\$0	\$550,340,000	\$257,370,426	\$807,710,426	\$260,108	No
TOMBALL ISD	HARRIS COUNTY	10,669	14,120	3,451	32.3%	1.0200	0.3200	\$0	\$0	\$386,125,000	\$200,172,361	\$586,297,361	\$569,034	Yes
UNITED ISD (FRIEND)	WEBB COUNTY	41,876	43,710	1,834	4.4%	1.0400	0.1849	\$0	\$0	\$342,475,672	\$263,574,428	\$606,050,100	\$370,631	No
WALLER ISD	WALLER COUNTY	5,451	6,572	1,121	20.6%	1.0400	0.4000	\$28,909	\$0	\$72,730,000	\$37,247,919	\$109,977,919	\$324,627	No
WILLIS ISD	MONTGOMERY COUNTY	6,442	7,113	671	10.4%	1.0400	0.3500	\$0	\$0	\$59,657,296	\$29,335,237	\$88,992,533	\$366,986	No
WYLIE ISD	COLLIN COUNTY	12,526	14,615	2,089	16.7%	1.1700	0.4700	\$3,461,269	\$363,521	\$307,599,292	\$416,081,296	\$723,680,588	\$265,115	No
WYLIE ISD	TAYLOR COUNTY	3,333	4,080	747	22.4%	1.0400	0.1140	\$0	\$0	\$14,105,000	\$2,722,166	\$16,827,166	\$396,727	Yes



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## FGSC POLICY CONTACTS

**Michelle Smith &  
David Anderson**  
HillCo Partners  
(512) 480-8962  
msmith@hillcopartners.com  
danderson@hillcopartners.com

**Dan Casey & Bob Popinski**  
Moak, Casey & Associates  
EDA, IFA & NIFA  
(512) 485-7878  
dcasey@moakcasey.com  
bpopinski@moakcasey.com

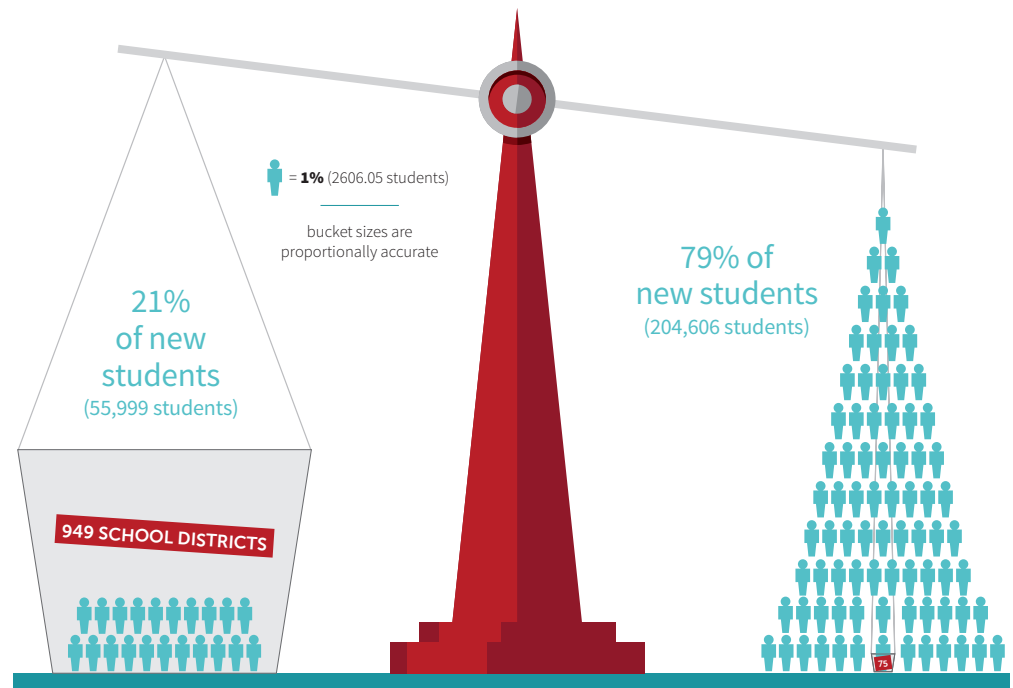
**Marty DeLeon**  
Escamilla & Poneck  
(512) 415-9610  
mdeleon@escamillaponeck.com

**Colby Nichols**  
Powell & Leon  
(512) 494-1177  
cnichols@powell-leon.com

## CONTACT FGSC

**Guy Sconzo**  
Executive Director  
(281) 352-8525  
guy@fastgrowthtexas.org  
401 West 15th Street, Suite 695  
Austin, Texas 78701

The fastest growing school districts in the state of Texas over the past five-year period educate an overwhelmingly high percentage of the new student enrollment growth—**79 percent of all of the new students reside in just 75 school districts.**



With significant student enrollment growth in our school system--almost 75,000 students on an annual basis--numerous state and local challenges emerge. And while the state has offered three key school facility programs to offset some of the costs of new infrastructure (Existing Debt Allotment, Instructional Facilities Allotment, and New Instructional Facility Allotment), there has not been a significant update to these funding mechanisms in almost twenty years.

In fact, state funding accounts for only 7.4 percent of total school district debt service payments (only 5.8% when isolating fast-growth school districts), and state support for new campus start-up costs only provides \$250 per new student the first two years a campus is opened. This has left many of the fastest growing school districts with little or no state facility funding support--only 27 of the 75 fast-growth receive some state funding through the EDA or IFA programs.

Part two of this Fast Growth School Coalition report will focus on the legislative priorities and options available for fast-growth school districts. The report will focus on adjusting the funding mechanisms for the existing state facilities programs, as well as discuss other relief mechanisms available so that fast-growth schools can continue to provide high-quality education and facilities to their expanding student populations. The following Fast Growth School Coalition issues to be addressed.

## 1. Increase the awards under the New IFA program for campus start-up costs from \$250 to \$1,000 per ADA.

The current NIFA grant of \$250 per ADA falls well short of what is needed to open a new campus. This would increase the appropriations from approximately \$26 million to \$104 million per year. This program provides assistance to all districts opening campuses, Chapter 41 and Chapter 42, high-wealth and low-wealth, and urban, suburban, and rural as well as charter schools.

## 2. Increase the \$35/ADA Yield for both Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA)

The guaranteed yields for these programs have not been updated since 2000. When these programs began, over 91 percent of the students enrolled in public schools were eligible for state support. Over the last sixteen years that percentage has diminished to 43 percent of students eligible for state assistance. If the yield were increased to provide state funding to 88 percent of the students (\$78.64/ADA), the average I&S tax rate reduction for districts receiving state funding would be significant, approximately \$0.07 per \$100.

**Recommendation:** Begin phase-in of EDA and IFA yield increase to at least the 88th percentile. By increasing the yields from \$35/ADA to \$45.50/ADA, the tax rate reduction statewide for school districts would be approximately \$0.02. The state should also use state savings due to local value growth each year to increase the program yields. During the 2015-16 school year the state is anticipated to spend approximately \$100 million less on the EDA and IFA programs due to this local value growth.

## 3. Provide voters and school boards the flexibility necessary to effectively manage fast-growth districts' tax rates

Not only does consideration need to be given to fast-growth school districts that need to exceed the \$0.50 debt due to rapid enrollment growth and construction needs, but more emphasis on total tax rate management needs to be considered by the Legislature.

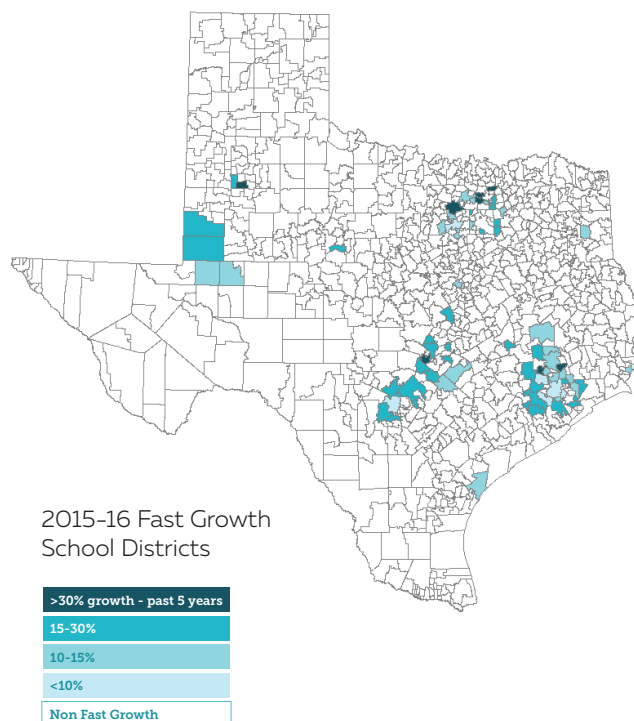
**Recommendation:** Fast growth communities need new flexible tax rate management tools that allow locally-elected school boards and voters to prudently and effectively manage the school district's total tax rate. Flexibility and tax rate management is key to successfully planning and implementing school district facility plans and operational needs.

## 4. Charter School Facility Funding and Reporting Requirements for New Campuses

Prior to any state funding for charter schools (grants or direct funding) or any other state requirement such as "right of first refusal" on vacant school district facilities, long-term leases, or low rent agreements between school districts and charters, the state should adequately fund traditional school district facilities. In addition, the state should change current state Agency policy so that charter schools must provide at least one-year notification on the size and location of a charter campus to a school district prior to opening a campus within a school district boundary.

## 5. Maintain the one-year lag in the use of state property values under any new school finance plan

Few changes in state law would be more crippling to fast-growth school districts than using current-year property values to calculate state aid and recapture. First-year losses are estimated at over \$700 million for fast-growth school districts, almost half of the overall \$1.5 billion state total. Given the fiscal outlook for the 2018-19 state biennium, there is no guarantee that the state aid and recapture increase resulting from the use of current year values would be automatically reinvested in public education.







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**FGSC POLICY CONTACTS**

**Michelle Smith &  
David Anderson**

HillCo Partners  
(512) 480-8962  
msmith@hillcopartners.com  
danderson@hillcopartners.com

**Dan Casey & Bob Popinski**

Moak, Casey & Associates  
(512) 485-7878  
dcasey@moakcasey.com  
bpopinski@moakcasey.com

**Marty DeLeon**

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(512) 415-9610  
mdeleon@escamillaponeck.com

**Colby Nichols**

Powell & Leon  
(512) 494-1177  
cnichols@powell-leon.com

**CONTACT FGSC**

**Guy Sconzo**

Executive Director  
(281) 352-8525  
guy@fastgrowthtexas.org  
401 West 15th Street, Suite 695  
Austin, Texas 78701

**AIM**

Increase the awards under the NIFA program for campus start-up costs from \$250 to \$1,000 per ADA for traditional schools and charter schools.

**WHAT IS THE ISSUE?**

Rapidly growing school districts and charter schools incur significant costs related to opening a new campus. The New Instructional Facilities Allotment (NIFA) was created in 1999 to assist with operating costs, was defunded in 2011, and then reinstated in 2015. While the capital expenditure costs of opening new campuses are commonly addressed through local bond funds (Interest & Sinking funds), there are associated operating costs (Maintenance & Operations funds) that are not addressed through the normal formula adjustments for new students. NIFA has helped close this gap for more than a decade.

**WHAT IS THE BACKGROUND?**

- NIFA was first funded in 1999 through Senate Bill 4 (Bivens/Sadler) and received state funds through the 2010-11 school year. It was reinstated during the 2015 session.
- The provision calls for \$250 per ADA the first year a new campus opens and an additional \$250 for new students in the second year of campus operation. This amount has not changed since 1999 despite rising operations costs.
- The total is capped at \$26 million per year or a greater amount by appropriation.
- Overall, almost 500 districts have benefited from NIFA funding at least once over the history of the program. All school districts or charters that open new campuses are eligible for NIFA, without any enrollment growth qualification.

**RECOMMENDATIONS**

- Support the Texas Education Agency's 2018-19 Legislative Appropriations Request which contains the following on 3.B Page 3: "Out of amounts appropriated above and allocated by this rider to the Foundation School Program, \$23,750,000 in each fiscal year of the biennium is appropriated for the New Instructional Facilities Allotment under 42.158 of the Texas Education Code."
- Increase the per student amount from \$250 to \$1000 to account for rising costs.
- Increase the overall program cap from \$26 million per year to \$100 million per year in anticipation of continued student enrollment growth.
- Allow NIFA funds to be used for repurposed buildings (example: a closed store converted into a school).





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**Michelle Smith &  
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HillCo Partners  
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danderson@hillcopartners.com

**Dan Casey & Bob Popinski**

Moak, Casey & Associates  
(512) 485-7878  
dcasey@moakcasey.com  
bpopinski@moakcasey.com

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Executive Director  
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guy@fastgrowthtexas.org  
401 West 15th Street, Suite 695  
Austin, Texas 78701

**AIM**

Provide targeted assistance for rapidly growing schools and their taxpayers through EDA and IFA support.

**WHAT IS THE ISSUE?**

Rapidly growing school districts incur significant costs related to building new facilities; however, many of our fastest growing districts no longer receive assistance from the state because of outdated calculations. The Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) programs are funded on the basis of a yield of \$35 per Average Daily Attendance (ADA) for each cent of eligible tax effort. The failure to increase the \$35 yield while local property wealth increases has resulted in a number of fast-growth districts receiving little or no relief under either of these programs, resulting in higher local I&S tax rates for districts and their taxpayers.

**WHAT IS THE BACKGROUND?**

- **1997** — The Legislature adopted the Instructional Facilities Allotment program.
- **1999** — The Legislature adopted the Existing Debt Allotment program. Both provided state support for debt service equalized on the basis of local property wealth to address school district debt service costs associated with issuing voter-approved bonds for school construction.
- In 1999, the yield for these programs was established at \$35 per student per ADA for each cent of local tax effort. At the time, 91 percent of Texas students attended schools in districts that were eligible for state support for school district debt service. Today, the \$35 yield remains in place and covers only 43 percent of the students enrolled in Texas public schools. This is down from 56 percent in the previous biennium.
- In addition, the EDA guarantee applies only to the first 29 cents of I&S tax effort, which is now exceeded by 147 school districts eligible for EDA funding.
- At the high water mark in 2000-01, the state supported 45 percent of total school facilities debt. **As of 2015-16, the state supports a meager 7 percent of total school facilities debt**, leaving local taxpayers to pick up the tab. State assistance is set to decrease an additional \$310 million in the 2018-19 biennium due to local value growth.
- Because of the 2011 budget cuts, the state discontinued new awards to the IFA program which directly benefited school districts with the lowest property wealth. Funding was reinstated for the 2016-17 biennium in the amount of \$55.5 million **but unfortunately is not included in Senate Bill 1 (85-R) as filed.**

## RECOMMENDATIONS

- Invest the state's "savings" of \$310 million back into facilities programs. This is immediate tax relief for local property taxpayers.
- Target the 75 fastest growing school districts in the state which represent almost 80 percent of new student enrollment growth. Local taxpayers in these rapidly growing areas are unfortunately paying the bill for Texas' success in attracting businesses.
- Reinstate IFA funds which are reduced from \$55.5 million to \$0 in Senate Bill 1 (85-R) as filed.
- Begin a phase-in of EDA and IFA yield increases to at least the 88th percentile. By increasing the yields from \$35/ADA to \$45.50/ADA, the tax rate reduction statewide for school districts would be approximately \$0.02. (If parity had been maintained with increases in the equalized wealth level, the yield would now exceed \$60 per WADA.)
- Establish the 1st equalized wealth level (EWL) as the eligibility driver - this way as the basic allotment moves, so does the eligibility of school districts for facility funding.

## HELPFUL LINK

- [http://tea.texas.gov/Finance\\_and\\_Grants/State\\_Funding/Facilities\\_Funding\\_and\\_Standards/Instructional\\_Facilities\\_Allotment\\_Program/](http://tea.texas.gov/Finance_and_Grants/State_Funding/Facilities_Funding_and_Standards/Instructional_Facilities_Allotment_Program/)

### State Facilities Support Compared to Total Debt Service, Historical

SCHOOL YEAR	TOTAL STATE DEBT SERVICE	TOTAL STATE AID FOR DEBT	
		(EDA and IFA Programs)	% STATE AID FOR ALL DEBT
1999-00*	\$1,593,093,190	\$618,443,527	38.8%
2000-01*	\$1,574,213,053	\$702,040,387	44.6%
2001-02*	\$2,060,489,686	\$790,795,482	38.4%
2002-03*	\$2,136,434,480	\$740,317,703	34.7%
2003-04	\$2,729,275,694	\$758,202,105	27.8%
2004-05	\$2,927,019,964	\$713,433,061	24.4%
2005-06	\$3,164,066,682	\$747,933,693	23.6%
2006-07	\$3,562,689,711	\$725,215,579	20.4%
2007-08	\$4,031,164,831	\$731,986,987	18.2%
2008-09	\$4,492,685,673	\$657,735,033	14.6%
2009-10	\$4,767,307,090	\$584,814,378	12.3%
2010-11	\$5,018,884,594	\$598,707,181	11.9%
2011-12	\$5,138,800,068	\$647,757,482	12.6%
2012-13	\$5,244,448,685	\$606,166,496	11.6%
2013-14	\$5,469,559,084	\$620,033,878	11.3%
2014-15	\$5,778,696,034	\$558,852,413	9.7%
2015-16	\$6,107,086,318	\$453,706,392	7.4%